

**MEMO TO FILE 8/31/2006 by:**

**Katherine Bartcher, Paralegal**

**Check Into Cash, Inc, Cleveland, TN**

On August 28<sup>th</sup> I called the Montana Division of Banking and Financial Institutions to inquire if there was a public access data base tracking complaints filed with their office regarding the payday loan industry. I was transferred to Chris Romano's voice mail and left a message to that effect. He returned my call later that day and advised that there was no actual data base but that he kept track of all of the complaints himself. He stated that they actually had very few of them considering the number of companies doing business and that he would be happy to send me an e-mail with the information that I had requested. He went on to say that the majority of the complaints received by his office dealt with title loan companies and that, in his opinion, we did a good job of following the rules. He obviously knew where I was calling him from as I used my office e-mail address. Below is a copy of the e-mail that he sent in response to my inquiry.

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Katherine -

In the last 12 months the Montana Division of Banking and Financial Institutions has received 8 complaints related to payday lenders. Six of these complaints related to unlicensed activity of internet-based payday lenders. One complaint alleged unlicensed activity. One complaint related to the collection of an unpaid payday loan.

If you have any further questions, please call or email me.

Thank you.

Christopher Romano, Licensing and Compliance Manager  
Division of Banking & Financial Institutions  
301 South Park, Suite 316  
P.O. Box 200546  
Helena, MT 59620  
Phone: 406-841-2928  
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Donald Rowekamp  
2521 8<sup>th</sup> Ave. S.  
Great Falls, Montana  
59405

January 11, 2007

To Members of the House Business and Labor Committee,

I am writing in opposition to HB29, a bill which would basically put Payday, Deferred Deposit and Title Loan companies out of business.

In a perfect world, I would not use the services of businesses such as this. I would go to a bank or other lending institution to secure funds. However, my wife has had serious and ongoing health issues that have left us in dire financial straits, which in turn has destroyed our credit, so I simply cannot get any financing from traditional banks or lending institutions. There are times that our medical expenses are immediate and life threatening and without the services of the payday lender in Great Falls I hate to think about what might happen.

We borrow from these establishments to get us through difficult times. Although interest rates are higher than banks (except for what banks charge for bad checks), I am glad to pay them in order to get the funds when I need them. I have, in the past, borrowed \$200 when needed, for 30 days, and have paid that off with an interest charge of \$50. Under this bill my charge would be \$7.50. That would be nice, but it would not be realistic to expect a lender to put \$200 at risk for only \$7.50. If they were like the multi-state banks with 10's of 1000's of loans out at that lower % rate per month, I can see where they might be able to function based on volume, much like the giant grocery stores do versus a convenience store, which doesn't and can't. It's just like Cenex can't price Cornflakes like Costco does, or even close to it.

If you put these places out of business, which may be your objective in putting this percentage cap into effect, the net result will be that I will have nowhere to go to get the money for my wife's needed medications and treatments. I simply don't know what we'll do. I am 65 and retired and feel that I am quite capable of making my own financial choices. I resent the state trying to tell me how to take care of my own business. We appreciate that this type of service is available to us. Maybe you should focus your legislative efforts on forcing the traditional lenders to broaden their scope of who they will lend to and under what circumstances.

Sincerely,



Donald Rowekamp

Kris Mayes  
993 Mallard  
Helena, Montana 59602

January 12, 2007

Re: Opposition to HB 29

To The Members Of The House, Business and Labor Committee:

Please vote against HB 29. I have used Pay Day Loans a number of times. I appreciate that they exist as I am unable to secure funds my wife and I sometimes need, from any other source. I typically take out a \$300.00 loan, and pay it back within two weeks to one month. I pay approximately 20% interest on these loans, and though I obviously would like to pay less, I know that my pay day lender could not stay in business making only \$5.00 to \$10.00 on my \$300.00 loan, which is what HB 29 would do.

Unless you legislators can force banks and credit unions to give short-term loans for hundreds of dollars to persons such as me who they consider not credit worthy, you should not eliminate a source of lending that is available to us and allows us to survive financially.


My wife and I both work and just like most Americans, we from time-to-time need to borrow money. But, because we don't fit certain criteria credit wise, we are denied the ability to borrow money from anybody but these folks who you would put out of business.

The Justice Department may think that they are standing up for those of us of modest means, but in fact they are doing just the opposite by eliminating the only businesses that actually will serve us and treat us like adults.

Please vote no on HB 29.

Thank you.

Yours truly,



Kris Mayes

Public Comment on House Bill 29

Denver Henderson  
ASUM Lobbyist  
January 15, 2007

Mr. Chairman, members of the committee my name is Denver Henderson. I am the lobbyist for the student body at the University of Montana. I rise today in support of HB 29. Currently pay day loan companies are able to charge ridiculously high interest rates that take advantage of unsuspecting consumers. Often-times students find themselves in this situation. The 2006 fall semester had 3,100 part-time students taking classes at the University of Montana. Sixty-five percent of these students are pursuing a graduate degree, and the vast majority live off-campus and work part or full-time jobs. Sometimes during temporary circumstances, such as the lag time between registering for classes and receiving their financial aid check, their expenses will exceed their current income. It's at times like these that students are forced to turn to these loan companies to avoid defaulting on their financial obligations. Limiting the APR to 36 percent will still allow these companies to turn a healthy profit without taking advantage of unsuspecting consumers. Please help protect students and consumers by voting for HB 29.

## Support HB 29

Chairman and members of the committee

My name is Julie Burke, I am a member of WEEL and support HB 29. In 2003 I turned to a payday loan because I needed help paying my rent. Today, I am currently paying on 4 loans from that original loan from 2003. At no point when I went in to get a loan did anyone tell me about interest, they were just happy to get me the money that I needed for my crisis.

The original loan I got I could not pay because my check ended up not being enough to pay it back. So I took out a second loan from another loan establishment to pay back the first loan and had to take that one back out to make sure I could still pay my current bills. Now I have two loans to pay back, I ended up with a third one and fourth just to keep up with the loans and my bills. And at no point after repeating the cycle 4-5 times did anyone recognize my dilemma. In the midst of this cycle I lost my job.

My net income is \$1000 a month, out of this income I am garnished Approximately \$200 to repay these loans and the overdraft fees applied by my bank on top of this it has hurt my credit severely. There was a need for this help and emergencies arise and I believe that if I had other options and was better educated on my options I would have not gotten caught up in this cycle. Please stop the cycle from happening to other families and support HB 29

Thank you  
Julie Burke